

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7210

COMPANY NAME : FM Global Logistics Holdings Berhad

FINANCIAL YEAR : 30 June, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors ("Board") of FM Global Logistics Holdings Berhad ("FMGL" or "the Company") is committed to observe the highest standard of corporate governance practices in achieving the objectives and long-term goals of the Company.</p> <p>The Board is accountable and responsible for the performance and affairs of the Company by overseeing the Group's strategies, policies and performance. It is also the responsibility of the Board to ensure the Company's strategies are aligned to the interest of the shareholders and other stakeholders. Guided by the prevailing legal and regulatory requirements as well as the Company's Constitution and the Board Charter, the Board had objectively discharged its fiduciary duties and responsibilities at all times in the best interest of the Company.</p> <p>Whilst the Board delegates the implementation of the Company's strategies to the Management, the Board sets appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>During the financial year ended 30 June 2022 ("FY2022"), among the responsibilities shouldered by the Board are as follows:-</p> <ul style="list-style-type: none">(i) Overseeing the Group's strategic plan, business conduct and financial operations, taking into consideration of sustainability matters such as economic conditions, environmental impact, social issues and corporate governance;(ii) evaluating the performance of the Board as a whole and management;(iii) monitoring and reviewing the capital and solvency positions of the Group;

	<ul style="list-style-type: none"> (iv) reviewing and approving quarterly financial results, annual audited financial statements, and statements and reports for disclosure in the annual report; (v) promoting good corporate governance and an ethical culture across all levels of the Group; (vi) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures; and (vii) promoting and maintaining effective and timely communication with stakeholders. <p>In discharging its responsibilities, the Board had established three Board Committees namely, Audit and Risk Management Committee (“ARMC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”) and delegated specific duties to the respective Board Committees according to their Terms of References to assist the Board to perform certain of its function and to provide recommendations and advice to the Board. The ultimate responsibility for decisions on all matters lies with the Board.</p> <p>The Board Charter and Terms of Reference of the respective Board Committees are available on the Company’s website at www.fmgloballogistics.com.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by Tengku Nurul Azian Binti Tengku Shahrman, the Independent Non-Executive Chairman, who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>Her roles and responsibilities are summarised as follows:</p> <ul style="list-style-type: none"> (i) lead the Board in setting the values and standards of the Group; (ii) oversee the Board in the effective discharge of its supervisory role, the efficient organisation and conduct of the Board's function and meetings; (iii) ensure all Directors receive accurate, timely and clear information by briefing of all Directors in relation to issues arising at meetings and allowing sufficient time for the discussion of complex or continues issues; (iv) ensure that there is a regular and effective evaluation of the Board's performance and is acting on the results of board performance evaluation by recognising the strength and addressing the weaknesses of the Board; and (v) ensuring effective communication with stakeholders and their views are communicated to the Board as a whole. <p>The roles and responsibilities of the Chairman have been clearly specified in the Board Charter of the Company available on the Company's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of clear division of responsibilities between the Chairman of the Board and the Group Managing Director ("Group MD") to ensure a balance of power and authority, and that no one individual has unfettered decision-making powers. Accordingly, the positions of Chairman and Group MD are held by different individuals.</p> <p>Tengku Nurul Azian Binti Tengku Shahrman is currently the Chairman of the Board. She leads the Board in its collective oversight of management focusing on strategy, governance and compliance. Whereas the Group MD, Chew Chong Keat manages the business and day-to-day operation of the Group and ensures effective implementation of the Board's policies, achieves strategic plans and performance targets, exercises high level of business judgement and manages the relationships with stakeholders and the interface with the public.</p> <p>Whilst the Chairman and the Group MD are collectively responsible for the leadership of the Group in promoting the highest standards of integrity and probity, this separation allows effective oversight of the management as well as to support objective and independent deliberation, review and decision making.</p> <p>The respective roles and responsibilities of the Chairman and the Group MD are clearly articulated in the Board Charter, which is available on the Company's website at www.fmgloballogistics.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<p><i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i></p>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>Tengku Nurul Azian Binti Tengku Shahrman, the Chairperson of the Board, is also the Chairman of the RC and a member of the ARMC.</p> <p>The Board took cognisance that having a same person assuming the positions of Chairman of the Board and Chairman or member of the Board Committees may give rise to risk of self-review and would impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees at the Board meetings.</p> <p>However, being an Independent Non-Executive Director of the Company, the Chairperson has been acting objectively and uphold her independence during the Board and Board Committees' meetings. She has not involved in management and operational matters of the Company and does not have any conflict of interest in all aspect of the Company and its subsidiaries nor any family relationships with any Director or major shareholder of the Company which may affect her independence or influence her judgement. She has been providing constructive advice and opinions to the Board and Board Committees which she sits in.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure	:
Timeframe	:

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two Company Secretaries who are qualified to act as Company Secretaries under Section 235(2) of the CA 2016.</p> <p>They are Members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators (“MAICSA”). The Company Secretaries constantly keep themselves abreast with the regulatory changes and corporate governance development and had attended relevant continuous professional training programmes as required by the Companies Commission of Malaysia and MAICSA for practicing company secretaries.</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company’s constitutional matters, Board obligations, professional development requirements, compliance matters applicable to the Company as well as latest regulatory developments. The Company Secretary(ies) attend(s) all members’ and Board meetings and ensure(s) that due processes and proceedings are in place and properly managed. They also ensure that records of meetings’ proceedings, deliberation and resolutions passed at the Company’s meetings are well captured, minute and documented.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The details of other responsibilities of the Company Secretaries are set forth in the Board Charter of the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board holds at least four (4) meetings in a year to review and approve the financial, operational, and business performance of the Group. Additional meetings will be held as and when required. Meeting agendas for the items which require the approval or noting by the Board are arranged considering the complexity of the proposals to enable in-depth deliberation of matters.</p> <p>During the FY2022, the Board and ARMC both had five (5) meetings whilst the NC and RC had two (2) meetings. Notice of meetings setting out agenda and accompanied by the relevant Board papers were circulated to all Directors in advance prior to each meeting in order to allow ample time for the Directors to consider the relevant information on the matters to be deliberated at the meetings. Exceptions may be made for certain ad hoc or urgent instances upon Directors unanimously consent to short notice.</p> <p>The deliberations and conclusions of all pertinent issues discussed at the meetings were duly recorded by the Company Secretaries in the minutes of meetings. The minutes of meetings that record the proceedings, including key deliberation, decisions made and rationale for decision made and any dissenting issues or concerns were circulated to the Directors within a reasonable timeframe after the meeting for review.</p> <p>Thereafter, the meetings' minutes were tabled and approved by the Board or Board Committees at the subsequent meetings respectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board's functions are governed by the Board Charter which serves as a primary reference and literature that guides the governance and conduct of the Board.</p> <p>The Board Charter covers, among others, the following matters:</p> <ul style="list-style-type: none"> (i) Matters reserved for the Board (ii) Duties and responsibilities of the Board, Board Committees and respective individual Directors (iii) Board structure and composition (iv) Policies and procedures <p>Formal Board Committees are established by the Board with defined terms of reference, namely the ARMC, NC and RC, which assist the Board in the discharge of its duties. The Board Committees will deliberate and examine issues in greater detail within their respective Terms of Reference and make the necessary recommendations to the Board which retains full responsibility for decision making.</p> <p>The Board Charter is made available on the Company's website at www.fmgloballogistics.com and is periodically reviewed and updated in accordance with the needs of the Company and any new development in relevant rules, regulations and laws that may have an impact on the Board in discharging its duties and responsibilities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Board had adopted a Corporate Code of Business Conduct and Work Ethics Policy ("Code") to maintain the highest level of integrity and ethical conduct of Directors, Management, and employees of the Group, integrating the policies into Group-wide management practices which cover the following:-</p> <ul style="list-style-type: none">• Compliance with applicable laws• Conflict of Interest• Confidentiality• Fair Dealing• Gifts, Gratuities and Entertainment• Anti-Bribery• Anti-Money Laundering• Human Rights• Protection and Proper Use of Company's Assets <p>The Company has designated the Group MD as its Compliance Officer to administer the Code. Complaints made from any Directors shall be reported to the Chairman of the Board or the Group MD. The Chairman of the Board or the Compliance Officer (i.e. the Group MD) will refer the complaints submitted as appropriate to the Board of Directors.</p> <p>The Code is regularly reviewed by the Board and accessible on the Company's website at www.fmgloballogistics.com.</p> <p>The Group adopted the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"), which sets out the key principles and guidance to the affected persons to prevent any bribery or corruption that may arise in the course of business. All Directors, Management, employees and business associates that perform work or services for and on behalf of the Group are required to make a commitment to adhere and comply with the ABAC Policy.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	: Applied
Explanation on application of the practice	<p>Professionalism, honesty and integrity are core to the Group’s business. The Company is committed to identifying and responding to reportable conduct and fostering a culture of continuous improvement.</p> <p>The Whistleblowing Policy of the Group encapsulates the governance and standards required to promote an ethical, responsible, and secure whistleblowing practice in the Group. It provides an avenue for all its employees and members of the public to report or raise concerns of fraud, malpractices, illegal acts or improper conduct without fear of reprisals and unfair treatment of practices. The Whistleblowing Policy was communicated to the Group employees to create awareness among the employees.</p> <p>A complaint shall be made via whistleblowing channels for any wrongdoings, including, but not limited to the following:</p> <ul style="list-style-type: none"> • Bribery, corruption and blackmail • Fraud, cheating, falsification, or misuse of the Group’s property and information • Harassment • Embezzlement, theft, pilferage, or participation in unauthorised financial transaction • Money laundering • Conflict of interest • Criminal offences • Endangerment of an individual’s health and safety • Concealment or cover-up of any of the above improper conduct <p>The ARMC Chairman shall provide oversight function over the administration of the Whistleblowing Policy assisted by the Compliance Department. A whistle-blower can lodge reports to the respective Head of Department, the Head of Compliance and/or the ARMC Chairman. The ARMC Chairman has the responsibility to conduct investigation using appropriate channels, resources and expertise.</p>

	<p>During the FY2022, no whistleblowing report was received by the ARMC Chairman nor the Head of Compliance of the Company.</p> <p>The Whistleblowing Policy can be found on the Company's website at www.fmgloballogistics.com.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledged the importance of sustainability business and holds ultimate responsibility for the governance of sustainability in the Group including, to endorse and oversee the overall implementation of the Group's sustainability strategies and initiatives.</p> <p>FMGL Sustainability Governance structure was established to plan, implement and report on the performance of the Group's sustainability initiatives. The Group's sustainability efforts are spearheaded by the Sustainability Committee ("SC") which comprises the Group MD and representatives from various departments across the Group. The SC ensures the implementation of the Group's sustainability strategy and monitors the sustainability performance against the Group's commitments. The Group MD, being the Chairman of the SC, led the SC on strategic management of material sustainability matters and reports directly to the Board on all issues related to corporate sustainability.</p> <p>FMGL developed a formal corporate sustainability reporting regime to start the groundwork essential in addressing Economic, Environmental, Social and Governance ("ESG") risks. The Group's Sustainability Policy was adopted to signify the Group considerations in ESG aspects. Such policy outlines the Group's commitment to corporate sustainability and prescribes the overall direction of its conduct and performance as a leading freight forwarding and logistics providers in the regions.</p> <p>The Company's Sustainability Report encompassing the Group's on-going sustainability efforts, targets, activities, and achievement are embedded in the Company's Annual Report 2022.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledged that stakeholder engagement is an integral feature of corporate sustainability, which is a platform to better understand the expectations and aspirations of stakeholders in order to carry out improvement in areas particularly important and relevant to all concerned.</p> <p>In communicating the sustainability matters, FMGL maintains close communication with stakeholders through various types of engagement such as dialogue and discussion with government and authorities, meetings and training programmes with employees, meetings and site visits with vendors or strategic partners, social activities with local communities, and engagement with shareholders or investors through general meetings. These engagement are conducted both physically and virtually, as to ensure the Company’s sustainability strategies and targets are effectively communicated to all stakeholders of the Company.</p> <p>The Group’s on-going sustainability practices and initiatives as well as its material sustainability matters are disclosed in the Company’s Sustainability Report of the Annual Report 2022.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	: Applied
Explanation on application of the practice	<p>The Board attended a sustainability-related training arranged by the Group titled “FMGL Sustainability Reporting Regime FY2022”, covering areas such as:-</p> <ul style="list-style-type: none">(a) The understanding of ESG;(b) Regulatory requirements on sustainability reporting;(c) FMGL’s sustainability roadmap;(d) FMGL’s priorities and contribution towards UN Sustainable Development Goals;(e) Board’s management and oversight;(f) Imminent requirements proposed by regulator in line with recommendations of the Task Force on Climate-related Financial Disclosure (TCFD); and(g) FMGL’s performance against sustainability targets and benchmarking against the industry players. <p>The Directors had also attended various corporate trainings programme, conference, seminar which relates to sustainability and climate-related, details of which are outlined in the Corporate Governance Overview Statement of Annual Report 2022.</p> <p>The Board continuously keep themselves abreast with sufficient understanding and knowledge of the sustainability issues and agenda that are relevant to the Company and its business as to facilitate the discussion and decision-making on the Group’s sustainability strategies. The Board, through the SC, conducts regular reviews on the Group’s materiality matters considering external events that affect the Group’s operations and stakeholders as well as assesses business activities, risk exposure and other areas of importance.</p> <p>In FY2022, the Group identified the following materiality matters that may significantly affect its business operation and performance:-</p> <ul style="list-style-type: none">i. Environmental Initiatives (climate change & energy);ii. Waste management;iii. Occupational health & safety;

	<p>iv. Training, education & career development; and v. Ethics & integrity.</p> <p>To better manage the Group’s materiality matters and sustainability performance, the SC establishes key performance indicators (“KPIs”) for the Group’s materiality matters and assigns responsibility and requisite action plans to the respective departments to meet these KPIs.</p> <p>The Group is aware of the stakeholders’ expectation on matters relating to sustainability. The Group will continue to engage its stakeholders and explore further improvement in conducting the business in a more sustainable manner.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The annual evaluation of the performance of the Board (which includes senior management) for FY2022 had embedded the sustainability perspectives, in addressing the Company's material sustainability risks and opportunities in general.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	: Adopted
Explanation on adoption of the practice	<p>The Board had identified the Group MD as the designated person to focus on managing the Group’s sustainability efforts, including the integration of sustainability considerations in the operation of the Company.</p> <p>The Group MD is supported by the SC which consists of representatives from 8 main departments namely – Export, Import, Custom Brokerage, Haulage & Land Transport, Finance, Human Resources, 3PL, Warehousing & Distribution and Compliance.</p> <p>Being the Chairman of SC, the Group MD reports directly to the Board on all issues related to corporate sustainability. The roles and responsibilities of SC Chairman are summarised as follows:-</p> <ul style="list-style-type: none"> • proposes sustainability strategies and initiatives. • monitors implementation of sustainability initiatives. • reports sustainability progress to the Board.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is entrusted by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance and contribution of the individual Directors, and recommend the re-election of the retiring Directors upon which their contribution and performance been satisfactorily evaluated.</p> <p>The NC had on 19 August 2022 conducted an annual assessment and evaluation on the effectiveness of the Board and the Board Committees and the performance of each individual Director for the FY2022, facilitated by the Company Secretaries from independent external secretarial firm making reference to the guides available and good corporate governance compliance.</p> <p>Based on the recent assessment, the Board was satisfied that the Board has the right size, balance and composition in terms of mix of skills and experience to optimise the Company's performance and strategy. The Board, Board Committees and each individual Director had discharged their duties and responsibilities effectively with the current mix of skills, knowledge and expertise, contributed to the overall effectiveness of the Board and the Company. The Directors had also committed their time to responsibly fulfilling their commitment to the Company during the year.</p> <p>After having considered Directors' qualification, experience and contribution to the Company, the NC recommended the Directors who are due for retirement pursuant to the Company's Constitution for re-election. The Board had endorsed the NC's recommendation where the proposals for the re-election of the following retiring Directors are tabled at the forthcoming Annual General Meeting to be held on 28 November 2022 for shareholders' approval:</p> <ul style="list-style-type: none">(i) Chew Chong Keat(ii) Tengku Nurul Azian Binti Tengku Shahrman(iii) Soh Chin Teck

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently has eight (8) Directors, comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board has the right size, with the right balance of executive and non-executive directors and is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires at least two (2) Directors or one-third (1/3) of the Board of Directors are Independent Directors.</p> <p>Whilst the Board does not comprise a majority of Independent Directors, in order to promote greater objectivity and independence in boardroom’s deliberation and decision making, all Independent Directors are free from any relationships with the Group, its Board members, and its substantial shareholders that could interfere or be reasonably perceived to interfere the exercise of the Directors’ independence judgement in the interest of the Company. Due to their perceived distance from the Company, they act as a balancing element in boardroom discussions between different shareholder representatives and managing conflicts of interest affecting Board members.</p> <p>Moreover, the Independent Directors are of high calibre with diversified background and skills, and in-depth experience in boardroom and leaderships positions. They are able to contribute their expertise and experience in discharging their duties and responsibilities by bringing in external perspective and exercising independent judgement with unbiased views to foster greater objectivity in boardroom.</p> <p>The Company will annually review size and composition of the Board as well as the independence and tenure of each Independent Director through the NC and to ensure that the Board has the appropriate mix of expertise and experience to govern and manage the Group’s affairs.</p> <p>The NC had on 19 August 2022 assessed the tenure and level of independence of the Independent Directors. Both the NC and the Board</p>

	<p>are of the view that there is an appropriate level of independence as the Independent Directors are able to provide necessary checks and balances on the Board’s decision-making process through objective participation in Board deliberations and exercise objective judgement independently for the interest of the Group, stakeholders and shareholders.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of boardroom diversity and values the benefits that diversity can bring to the Board. The Board also recognises that having a range of different skills, background, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance. While promoting boardroom diversity is essential, the selection criteria of a Director is also based on an effective blend of competencies, skills, extensive experience and knowledge so as to strengthen the function of the Board.</p> <p>The Board has delegated the responsibility for identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board to the NC. In identifying suitable persons for appointment as Directors, the NC takes into consideration the candidates' skills, experience, age, gender, capabilities, expertise and commitment (including time commitment). For the position of Independent Directors, the NC assesses the ability of the candidates' ability to discharge such responsibilities or functions that are expected from an independent director.</p> <p>In terms of the recruitment and employment of senior management and employees, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally.</p> <p>In tandem with the Company's aspiration to attain diversity workforce, the Company has adopted a Diversity Policy which is available on the Company's website at www.fmgloballogistics.com.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>As part of the Board's succession planning, the NC has established procedures for the appointment of new Director. The NC is responsible to identify the set of skills and expertise required and select individuals on review of their individual merits, regardless of gender, race and age. Whenever necessary, the NC may seek professional advice and/or conduct search through a variety of independent sources to identify potential candidates before making a recommendation to the Board.</p> <p>The NC also relies on the existing network and referrals from Directors and major shareholders as a source for new directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.</p> <p>There was no new appointment of Director during the financial year under review.</p> <p>The procedures for appointing Directors have been incorporated into the Terms of Reference of the NC which is available on the Company's website at www.fmgloballogistics.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	Shareholders were provided with detailed information on Directors who were standing for re-election at the Company's 25 th Annual General Meeting ("AGM") held on 24 November 2021 via the Board of Directors' Profile disclosed in the Annual Report 2021. The Board had also provided in the statement accompanying the Notice of the 25 th AGM, a brief description of the Directors standing for re-election, including their interest, position and relationship within or outside the Company (if any), as well as the Board's statement relating to the reasons to support the recommendation for the re-election to enable the shareholders making informed decision.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the NC is Madam Lau Swee Chin, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity, and cultural background and recognises the benefits of this diversity.</p> <p>The Company had met the target of at least 30% women directors recommended by the MCCG as currently the Board comprises three (3) female Directors, namely Madam Gan Siew Yong, Madam Lau Swee Chin and Tengku Nurul Azian Binti Tengku Shahrman, representing a ratio of 37.5% of the Board composition.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company’s Diversity Policy which includes gender diversity for the Board and Senior Management is disclosed in the Annual Report.</p> <p>The Board embraces the benefits of experience, age, skills, gender and ethnicity on the Board and senior management and opined that diversity is an essential element to attain its strategic objectives and sustainable development. The Board is committed to equal opportunity. There are no barriers by reason of an individual’s gender, ethnicity, age and nationality.</p> <p>The Company’s Diversity Policy is available on the Company’s website at www.fmgloballogistics.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The NC is entrusted by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance of individual Directors.</p> <p>The NC had on 19 August 2022 conducted a formal and objective annual assessment and evaluation on the effectiveness of the Board and the Board Committees and the performance of each individual Director for FY2022 based on self and peer assessments via customised questionnaires, using objective and appropriate criterion, facilitated by the Company Secretaries from independent external secretarial firm.</p> <p>Below are the criteria used to assess Board, Board Committees, and individual Directors respectively during FY2022:-</p> <p>(a) Board and Board Committees' assessment</p> <ul style="list-style-type: none">• Board structure and composition;• Board functionality;• Boardroom conduct and activities;• Contents of meetings and execution;• Board skill sets; and• Overall Board effectiveness. <p>(b) Directors' self and peer assessment</p> <ul style="list-style-type: none">• Contribution to interaction;• Quality of input;• Understanding of roles and commitment; and• Individual skill sets.

	<p>(c) Independent Directors' assessment</p> <ul style="list-style-type: none"> • Criteria of Independence used in the definition of the "Independent Director" prescribed under the MMLR of Bursa Securities; • Other criteria such as compliance of Company's independence policies and the ability to deal with related party transaction and conflict of interest; and • Tenure of services as Independent Director of the Company. <p>The feedbacks and inputs provided by the Directors in the evaluation forms were compiled by the Company Secretaries for deliberation at the NC meeting. The NC had subsequently tabled the outcome of the assessment together with the recommended action plans on areas for improvement to the Board at the Board meeting held on 19 August 2022.</p> <p>Based on the recent assessment, the Board was satisfied that the Board has the right size, balance and composition in terms of mix of skills, experience and independence to optimise the Company's performance and strategy. The Board, Board Committees and each individual Director had discharged their duties and responsibilities effectively and contributed to the overall effectiveness of the Board and the Company. The Directors had also committed their time to responsibly fulfilling their commitment to the Company.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Policy and Procedures for Directors and Senior Management which aims to attract, retain and motivate high-calibre Directors and senior management that can successfully run and manage the business of the Company.</p> <p>Various factors were considered when determining the remuneration of the Directors and senior management of the Company, among others, function, workload, roles and responsibilities, peers' practices, demand, scale and complexity of the business.</p> <p>The remuneration package of Directors consists of Directors' fees and benefits payable such as meeting allowance. For Executive Directors, it comprises fixed salary, performance-based bonus and other emoluments.</p> <p>Directors' fees and benefits payable to Directors for carrying out their duties as Directors of the Company, which are determined by the Board as a whole, are approved at the AGM by the shareholders of the Company. Directors do not participate in decisions regarding their own remuneration packages.</p> <p>The Remuneration Policy and Procedures for Directors and Senior Management is available on the Company's website at www.fmgloballogistics.com.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied									
Explanation on application of the practice	:	<p>The RC consists of exclusively Independent Non-Executive Directors, as follows:-</p> <table border="1"><thead><tr><th>No.</th><th>Directors</th><th>Designation/ Directorate</th></tr></thead><tbody><tr><td>1</td><td>Tengku Nurul Azian Binti Tengku Shahrman</td><td>Chairman / Independent Non-Executive Director</td></tr><tr><td>2</td><td>Lau Swee Chin</td><td>Member / Independent Non-Executive Director</td></tr></tbody></table> <p>The RC is responsible for determining the Directors' fees and benefits payable which reflect their level of responsibilities to the Board, time commitment required in attending Board and Board Committees' meetings as well as their memberships assume on Board and Board Committees.</p> <p>The RC carries out its duties in accordance with its Terms of Reference which can be obtained from the Company's website at www.fmgloballogistics.com.</p>	No.	Directors	Designation/ Directorate	1	Tengku Nurul Azian Binti Tengku Shahrman	Chairman / Independent Non-Executive Director	2	Lau Swee Chin	Member / Independent Non-Executive Director
No.	Directors	Designation/ Directorate									
1	Tengku Nurul Azian Binti Tengku Shahrman	Chairman / Independent Non-Executive Director									
2	Lau Swee Chin	Member / Independent Non-Executive Director									
Explanation for departure	:										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
Measure	:										
Timeframe	:										

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The details of the remuneration by the Directors received/receivable from the Group and the Company for FY2022 are appended in the following page.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Chew Chong Keat (Group Managing Director)	Executive Director	54	5	-	-	-	-	59	110	1,404	1,500	375	-	356	3,745
2	Yang Heng Lam	Executive Director	54	5	-	-	-	-	59	110	1,406	1,410	352	-	335	3,613
3	Gan Siew Yong	Executive Director	54	5	-	-	-	-	59	110	1,144	1,098	304	-	266	2,922
4	Ong Looi Chai	Executive Director	54	5	-	-	-	-	59	54	699	1,020	255	-	153	2,181
5	Tengku Nurul Azian Binti Tengku Shahrman (Chairperson)	Independent Director	78	10	-	-	-	-	88	78	10	-	-	-	-	88
6	Lau Swee Chin	Independent Director	60	11	-	-	-	-	71	60	11	-	-	-	-	71
7	Soh Chin Teck	Independent Director	64	10	-	-	-	-	74	64	10	-	-	-	-	74
8	Khua Kian Keong	Non-Executive Non-Independent Director	47	5	-	-	-	-	52	47	5	-	-	-	-	52

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Not applicable - all members of senior management are members of the board	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Input info here	Input info here	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Input info here	Input info here	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Input info here	Input info here	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Input info here	Input info here	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Input info here	Input info here	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Executive Directors sitting on the Board also occupy the office of the senior management of the Company. By virtue of application of Practice 8.1, the Company has simultaneously applied Practice 8.2 and 8.3.</p> <p>The detailed remuneration of the Executive Directors, who are also the senior management of the Company are disclosed under the explanation of Practice 8.1.</p>

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the ARMC is distinct from the Chairman of the Board. This allows the Board to review the ARMC's findings and recommendations with unfettered objectivity.</p> <p>The ARMC Chairman is Soh Chin Teck, an Independent Non-Executive Director who is a Fellow of Chartered Accountants of Australia and New Zealand and a Member of the Malaysian Institute of Accountants.</p> <p>The Chairman of the Board is Tengku Nurul Azian Binti Tengku Shahrman, an Independent Non-Executive Director.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the recommendation of the MCCG, the Terms of Reference of the ARMC sets out the requirement for a cooling-off period of at least three (3) years before a former audit partner of the external auditors of the Company can be appointed as a member of the ARMC to safeguard the integrity of the audit of the Group's and Company's financial statements.</p> <p>Such policy is stated in the ARMC's Terms of Reference which is available on the Company's website at www.fmgloballogistics.com.</p> <p>Currently, none of the Directors or employees of the Company are former audit partners of the Company's external auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC is responsible for reviewing the audit provided by the external auditors. The ARMC ensures that the independence and objectivity of the external auditors are not compromised in accordance with the criteria set out in the External Auditors Assessment Policy adopted by the Company. Besides, the ARMC also reviews the nature and extent of non-audit services rendered by the external auditors to ensuring the provision of these services did not compromise their independence and objectivity.</p> <p>In addition, the external auditors are also required to provide confirmation to the ARMC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Guided by its External Auditors Assessment Policy, the ARMC had on 19 August 2022 assessed the performance of the external auditors, Crowe Malaysia PLT on their adequacy of resources, audit expertise and experience, audit scope and planning, audit communications, independence and objectivity.</p> <p>Based on the assessment results, the ARMC was satisfied with the overall performance, independence and competency of Crowe Malaysia PLT for FY2022 and recommended to the Board the re-appointment of Crowe Malaysia PLT as the external auditors of the Company for the financial year ending 30 June 2023 at the forthcoming AGM.</p> <p>For further details, please refer to the ARMC Report in pages 86 to 89 of the Annual Report 2022.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted												
Explanation on adoption of the practice	:	The ARMC comprise solely of Independent Directors as follows: <table border="1"><thead><tr><th>No.</th><th>Directors</th><th>Designation/Directorate</th></tr></thead><tbody><tr><td>1.</td><td>Soh Chin Teck</td><td>Chairman/ Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Tengku Nurul Azian Binti Tengku Shahrman</td><td>Member/ Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Lau Swee Chin</td><td>Member/ Independent Non-Executive Director</td></tr></tbody></table>	No.	Directors	Designation/Directorate	1.	Soh Chin Teck	Chairman/ Independent Non-Executive Director	2.	Tengku Nurul Azian Binti Tengku Shahrman	Member/ Independent Non-Executive Director	3.	Lau Swee Chin	Member/ Independent Non-Executive Director
No.	Directors	Designation/Directorate												
1.	Soh Chin Teck	Chairman/ Independent Non-Executive Director												
2.	Tengku Nurul Azian Binti Tengku Shahrman	Member/ Independent Non-Executive Director												
3.	Lau Swee Chin	Member/ Independent Non-Executive Director												

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the ARMC, collectively, possess a wide range of skills, knowledge and industry experience and the requisite financial literacy to discharge its duties effectively. The qualification and experience of the individual ARMC members are disclosed in the Annual Report.</p> <p>The members of the ARMC continuously apply critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financials during the ARMC meeting.</p> <p>The ARMC members are encouraged to undertake professional development by attending trainings, workshops, seminars or briefings in order to continue keep abreast of the latest development in accounting and auditing standards to enable them to sustain active participation in the functions of the ARMC.</p> <p>On 19 August 2022, the NC conducted a review on the term of office and performance of the ARMC and its members for the FY2022 via a combination of self and peer assessment via customised questionnaires. The results were satisfactory; the ARMC are financially literate, possess the appropriate level of knowledge, skills and experience, and have sufficient understanding of the Company's business to discharge its oversight responsibilities on the Group's financial reporting, risk management and internal control system.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for establishing and overseeing the Group’s risk management framework and system of internal control and ensuring the adequacy and effectiveness of the system.</p> <p>The Board affirms its overall responsibility and has established an Enterprise Risk Management (“ERM”) framework which proactively identifies, evaluates and manages key risks of the Group. The ERM framework and its methodology are in line with ISO 31000:2018 – <i>Risk Management Principles and Guidelines</i>, to promote risk ownership and the continuous monitoring of key risks identified.</p> <p>During the year, the Board exercises its oversight of risk management and internal control through the ARMC which meets on a quarterly basis. The ARMC is supported by an adequately resourced internal audit department.</p> <p>On 19 August 2022, the ARMC reviewed and concluded that the Group’s risk management framework and internal control system were able to function effectively in identifying, assessing and managing its risks including those relating to the overall business operations, financial reporting and compliance. As of the date of issuance of this report, there is no major internal control weakness identified that may result in any material loss or uncertainty to the Group.</p> <p>For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report 2022.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal control and risk management framework of the Company is designed to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss.</p> <p>The risk management and internal control are ongoing processes, which are undertaken at each department. The Heads of Department are responsible for day-to-day management of risks inherent in the business activities whilst the Executive Directors are responsible for setting the risk management framework and developing tools and methodologies. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration of the changing business environment.</p> <p>In addition, the Company's Internal Auditors also provide independent assessments on the adequacy, efficiency and effectiveness of the Group's internal control system. The Internal Auditors report directly to the ARMC whilst the Chairman of the ARMC reports to the Board on the activities and significant matters arising thereof.</p> <p>The features of the Group's risk management and internal control framework and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control, on pages 106 to 110 of the Annual Report 2022.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is provided by the Internal Audit Division (“IAD”), which report directly to the ARMC.</p> <p>The internal audit function undertakes an independent assessment on the internal control system of the Group on a quarterly basis and provides assurance to the ARMC that the Company’s system of internal control is satisfactory and operating effectively.</p> <p>The responsibility to review the adequacy and integrity of the internal control function has been delegated by the Board to the ARMC. On 19 August 2022, the Board had, through the ARMC, reviewed the adequacy of scope, functions, competency and resources of the Internal Audit Functions and was satisfied with the competency and independence of the Internal Auditors in carrying out its scope of work as well as the adequacy and effectiveness of the system of internal control and procedures in the operating units within the Group and the extent of compliance with the Group’s established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements.</p> <p>The Internal Auditors had adopted a risk-based approach in undertaking the internal audits for the Group which include the development of internal audit policies, the establishment of an annual audit plan, audit work processes and audit work reporting formulated through a risk assessment process. With better understanding of these risks, it had facilitated the Internal Auditors to develop comprehensive audit programs in order to identify any weaknesses in the system of internal control.</p> <p>The Board recognises that the development of good internal control system for the Group is a continuous process. Hence, the Board encourages interactive discussion of audit findings through the ARMC, taking into consideration possible establishment of additional control measures in managing its risks within the Group from time to time.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group is performed in-house by the IAD in which the Head of IAD and other internal audit personnel are independent from the operational activities of the Company and they do not hold management authority and responsibility over the operations that internal audit covers in its scope of works.</p> <p>The internal audit team, which comprises of 3 internal audit personnel, is helmed by Mr Alan Kan Chee Kuan. He has more than 30 years of working experiences in the areas of engineering, business operation and HSSE. He is a mechanical engineering graduate from Tunku Abdul Rahman College and possess a Master Degree in Business Administration from University of Hull. In term of audit, he is a qualified lead auditor proficient in ISO Management System. He had attended training on “Planning for effective risk-based audit methodology” by the Malaysian Institute of Accountants and has periodically upgrade his skills and knowledge by attending seminars and related training.</p> <p>Mr Alan Kan has led and performed many internal audits review on business management systems for various industries, among others, engineering and construction, electric power generation, and logistics companies. He acted as the Lead Auditors performing management audit for an electric power plant between year 2000 to 2005.</p> <p>The internal audit team has been trained in the audit methodology. The staff involved in the internal audit engagements and reviews have 3 to 10 years of working experiences. Each of them possesses professional qualifications and/or a University/College degree in either finance, accounting and/or management.</p> <p>All internal audit work was carried out in accordance with the International Professional Practice Framework issued by The Institute of Internal Auditors Malaysia.</p> <p>The ARMC had on 19 August 2022 assessed the effectiveness of the internal audit function of the Group for FY2022 and was satisfied that</p>

	<p>the Internal Auditors have discharged their responsibilities in a commendable manner, performed competently, functioning effectively and have received sufficient resources and adequate authority to carry out their work.</p> <p>Further details relating to the Internal Audit Function of the Group are disclosed in the ARMC Report contained in the Annual Report 2022.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group acknowledges the importance of timely and equal dissemination of material information to all stakeholders. The Board endeavours to maintain an open transparent channel of communication, guided by the Company's Corporate Disclosure Policies and Procedures, with the shareholders and stakeholders, analysts and the public at large with the objective to provide comprehensive information on the Group's performance and financial position.</p> <p>The Group ensures that the Company's corporate website, www.fmgloballogistics.com, contains important information including corporate information, corporate announcements and financial results, Annual Reports, Company's policies so as to promote a closer association with its stakeholders by allowing accessibility of information. Dialogues are conducted with financial analysts or through media interviews that enable the Board and the Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interest.</p> <p>The Company's general meetings remain the main platform for the Board to engage with shareholders and address their concern, where necessary. The Board encourages shareholders' active participation at the AGM to gain insights on the Group's strategic direction, business operations and performance. The Chairman and other Board members and the Company's external auditors are also present at the AGM to respond to shareholders' questions and concerns.</p> <p>Shareholders and investors may also forward their enquiries about the Company via email: enquiry-my@fmgloballogistics.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Notice of the 25th AGM was issued and made available on the Company's website on 26 October 2021, i.e. at least 28 days prior to the 25th AGM which was held on 24 November 2021.</p> <p>The notice of the AGM which outlines the resolutions to be tabled during the meeting, is accompanied with detailed explanatory notes and background information on the matters to be decided at the AGM in order to allow the shareholders to better understand the proposed resolution and make informed decisions on exercising their votes.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>Due to the Covid-19 pandemic and as part of the safety measures to curb the spread of Covid-19, the 25th AGM held on 24 November 2021 was convened virtually through live streaming from the broadcast venue at Tricor Business Centre.</p> <p>The Chairman, together with the four (4) Executive Directors were present at the broadcast venue whilst the three (3) Independent Non-Executive Directors and the Non-Independent Non-Executive Director had participated the 25th AGM via video conference. The external auditors were also in attendance, to provide necessary response to questions raised.</p> <p>The AGM remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the operations of the Group, before matters on the agenda are put to vote. All issues and questions raised pertaining to the Company's financial statements and other items for adoption at the meeting were responded by the Management.</p> <p>The date of the AGM of the Company is commonly scheduled at the beginning of the calendar year to ensure that all the Directors are present to provide meaningful response to questions addressed to them.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>The 25th AGM of the Company held on 24 November 2021 was conducted virtually through live streaming and online remote voting via the Remote Participation and Voting (“RPV”) facilities at TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”).</p> <p>With the RPV facilities provided by Tricor, the following measures were implemented to encourage shareholders’ attendance and participation and ensure that there will be no meeting interference and all participants’ data are kept secure and safe:-</p> <p>(a) A step-by-step administrative guide was circulated to the shareholders together with the Notice of the 25th AGM as to facilitate remote participation and e-voting;</p> <p>(b) Electronic lodgement of proxy forms was provided by Tricor via TIIH Online website;</p> <p>(c) Electronic submission of questions by shareholders was allowed via TIIH Online prior to the date of meeting or during the meeting;</p> <p>(d) The AGM proceeding was live streamed to TIIH Online for remote participants to watch live; and</p> <p>(e) Tricor had put in place information technology security measures to prevent cyber threats and data breaches.</p> <p>During the 25th AGM, shareholders used the RPV facilities provided by TIIH to pose questions to the Chairman and Board members via real time submission of typed texts. All resolutions set out in the Notice of the general meeting were voted remotely using the RPV facilities.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: Shareholders were given the opportunity to submit questions before the 25 th AGM via TIIH Online website as well as during the AGM using real time submission of typed text via the RPV facilities provided by Tricor. During the 25 th AGM, the Group MD presented to the shareholders and proxies the Group's financial performance and key highlights for the financial year ended 30 June 2021 as well as the Group's business outlook and strategy moving forward. The Chairman and the Board had also allocated ample time to address the questions and suggestions/concerns raised by the shareholders and proxies relating to the Company's affairs. The Executive Directors had actively addressed all questions that were submitted before and during the 25 th AGM. The minutes of the 25 th AGM together with the responses from the Board to the questions raised were published on the Company's website thereafter.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>As mentioned in Practice 13.2, 13.3 and 13.4, the 25th AGM of the Company was conducted virtually via an online meeting platform provided by Tricor.</p> <p>A step-by-step administrative guide was issued to assist shareholders on registration, participation and voting using the online meeting platform. Prior to the 25th AGM, a dry run was conducted to ensure possible technical issues were resolved up-front and were in working order. Visual and audio tests were conducted to ensure participants at remote locations would be able to access and participate (including pose questions) at the virtual meeting without any hinderance. The Company and Tricor ensured the availability of necessary infrastructure and IT support to enable smooth broadcast of virtual meeting proceedings.</p> <p>Shareholders were given an opportunity to submit questions for the Board prior to and during the 25th AGM. All questions raised by the shareholders and proxies were read out by the Group MD and addressed by the Group MD and the Executive Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The 25 th AGM was conducted on 24 November 2021 and the minutes thereof was circulated to shareholders in February 2022 through publication on the Company’s website at www.fmgloballogistics.com .
	The Company will circulate the minutes of the general meetings to its shareholders within 30 business days after the general meeting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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